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Message Text

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PAGE 01 CAIRO 03200 111315Z

73
ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /105 W
---------- 089360
R 111236Z MAR 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 863
INFO AMCONSUL ALEXANDRIA

UNCLAS CAIRO 3200

E.O. 11652: N/A
TAGS: EFIN, EG
SUBJECT: GOE DRAFTS NEW CAPITAL GOODS IMPORT REGULATIONS

1. MINISTRY OF FINANCE UNDER SECRETARY SARRAF ANNOUNCED MARCH 9 NEW DRAFT REGULATIONS ON IMPORT OF CAPITAL GOODS. DRAFT SPECIFIES SUCH IMPORTS VALUED AT MORE THAN LE 10,000 ($25,600 AT OFFICIAL RATE) SHALL BE THROUGH CREDIT FACILITIES ON FOLLOWING BASIS: TERMS FOR SHIPMENTS VALUED AT UP TO LE 50,000 - MINIMUM TWO YEARS; LE 100,000 - THREE YEARS OR MORE; LE 200,000 - FOUR YEARS OR MORE. NEW RULES ALSO LIMIT DOWN PAYMENT TO 20 PERCENT OF TRANSACTION'S VALUE. DRAFT REGULATIONS DO NOT APPLY TO CAPITAL GOODS IMPORTS FROM COUNTRIES WITH WHICH EGYPT ALREADY HAS TECHNICAL COOPERATION AND CREDIT FACILITY AGREEMENTS.

2. COMMENT: PUBLIC SECTOR ACCOUNTS FOR MORE THAN 90 PERCENT OF EGYPT'S CAPITAL GOODS IMPORTS. REGULATIONS APPARENTLY ARE INTENDED TO ENSURE GOE MINISTRIES WILL STRETCH OUT CREDIT FACILITY REPAYMENT SCHEDULES ON LARGER IMPORT TRANSACTIONS BY SETTING GUIDELINES UNDER WHICH CONTRACTS MAY BE UNDERTAKEN. WHETHER, BECAUSE OF ABSENCE OF TIGHT FINANCE MINISTRY CONTROL ON IMPORT PURCHASES, THESE
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PAGE 02 CAIRO 03200 111315Z

REGULATIONS WOULD BE ENFORCEABLE IS ANOTHER QUESTION.

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EILTS

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NNN

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Disposition Event:
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